



Flagstar Bank Extended Family Mortgage

I. PROGRAM SUMMARY

PROGRAM DESCRIPTION	<p>This pilot program supports Fannie Mae's "Homeownership Initiative." CalHFA, Fannie Mae, and Flagstar Bank FSB (Flagstar) have identified a need to develop a program with lower down payment requirements to provide greater homeownership opportunities. The program is designed for individuals who do not have a depository relationship, have limited use of credit, and/or rely on another family member's financial resources for qualification.</p> <p>This program consists of:</p> <ol style="list-style-type: none"> 1. The first loan <ul style="list-style-type: none"> • Up to a 97% LTV (conforming limit) • Utilizing the following Fannie Mae eligible products: <ol style="list-style-type: none"> a. MCM Community 97 b. CHBP c. Fannie 97 d. Fannie 3/2 Purchase Money Transactions 2. The second loan <ul style="list-style-type: none"> • Must be Fannie Mae approved, or • Meet the Community Seconds guidelines
TARGET MARKET	This pilot program is intended to provide homeownership opportunities for borrowers in Los Angeles County.
PARTICIPATING LENDERS	Flagstar Bank FSB
BORROWER ELIGIBILITY	<p>Borrowers must meet the following requirements:</p> <ul style="list-style-type: none"> • Be a U.S. citizen or permanent resident alien or qualified alien. • Occupy the property as their primary residence. • Cash-on-hand is acceptable for borrowers with limited depository relationships. • Do not have to be a first-time homebuyer.
PROPERTY ELIGIBILITY	Owner-occupied, one unit, including units in condominiums and PUD's that conform with Fannie Mae requirements. Property must be located in Los Angeles County for this pilot program.
DOWN PAYMENT REQUIREMENTS	Per the Fannie Mae Community Lending Product.
BORROWER MINIMUM CONTRIBUTION	Per the Fannie Mae Community Lending Product.

TRANSACTION TYPE	Purchase transactions only.
MAXIMUM SALES PRICE	Per the Fannie Mae Community Lending Product.
MAXIMUM LOAN AMOUNT	The maximum first loan amount is the Fannie Mae conforming limit.
INCOME LIMITS	140% of area median income or as provided in Fannie Neighbors Guidelines.
MORTGAGE INSURANCE	50% coverage is required on the first mortgage.
SELLER CONTRIBUTIONS	Per the Fannie Mae Community Lending Product.
BUYDOWNS	Per the Fannie Mae Community Lending Product.

II. UNDERWRITING CRITERIA

MINIMUM FICO SCORE	Minimum 620 FICO or equivalent enhanced credit evaluation for traditional credit; or, if insufficient traditional credit, accept equivalent enhanced credit evaluation from nontraditional credit; permit FICO scores below the minimum when the borrower has experienced specific extenuating circumstances, in line with Fannie Mae Guidelines.
RATIOS	The total qualifying ratio cannot exceed 43%. If the borrower's ratio is above 43% and equal to or less than 50%, then: <ul style="list-style-type: none"> a relative of the borrower may cosign where his or her income is used for qualifying purposes, even though he or she does not occupy the property. The combined occupant borrowers and nonoccupant co-borrower qualifying ratio cannot exceed 43%.
CASH RESERVES	Per the Fannie Mae Community Lending Product.
HOMEBUYER EDUCATION REQUIREMENT	Required for first-time homebuyers.
INCOME REQUIREMENTS	Not to exceed 140% of area median income or as provided in Fannie Neighbors Guidelines.

III. MORTGAGE INSURANCE SERVICES OPERATIONAL INFORMATION

MAXIMUM AVAILABILITY	This is a pilot program. The initial fund availability is \$10 million for first loans.												
MORTGAGE INSURANCE	<ul style="list-style-type: none">50% coverage is required on the first mortgage. CalHFA is the only mortgage insurance provider. CalHFA's Zero Upfront Monthly Mortgage Insurance (ZUMMI) premium follows:<table><tr><td><u>95.01%-97%</u></td><td>LTV</td><td>99 basis points</td><td>Monthly</td></tr><tr><td><u>90.01%-95%</u></td><td>LTV</td><td>69 basis points</td><td>Monthly</td></tr><tr><td><u>80.01%-90%</u></td><td>LTV</td><td>59 basis points</td><td>Monthly</td></tr></table>	<u>95.01%-97%</u>	LTV	99 basis points	Monthly	<u>90.01%-95%</u>	LTV	69 basis points	Monthly	<u>80.01%-90%</u>	LTV	59 basis points	Monthly
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MAXIMUM COMBINED LTV	The maximum combined LTV is 105%.
MORTGAGE INSURANCE SERVICES INVOLVEMENT	<ul style="list-style-type: none"> • Insure First Loan: Yes • Insure Second Loan: No • Provide Silent Second: No • Service Second Loan: No
OTHER MORTGAGE INSURANCE SERVICES OBLIGATIONS	N/A
DATE OF ORIGIN	03/12/04

IMPORTANT DISCLOSURE INFORMATION:

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. Lenders will need to refer to investor guidelines for specific underwriting and compliance issues. Lenders should also be aware that Mortgage Insurance Services' underwriting guidelines are for mortgage insurance only, and not necessarily the same as restrictions imposed by the investor. The more restrictive guidelines apply. This program description is subject to change from time to time without prior notice.

03/04